



Price Performance Trade-Off (PPT)



Overview



- **Genesis**
- **What It Is**
- **The Evaluation Process**
- **The Tradeoff Decision**
- **Documentation**



Genesis of PPT



- **General shift from Sealed Bid to Low Price Technically Acceptable (LPTA)**
- **LPTA within Best Value continuum but doesn't permit tradeoff to better performer**
 - **Initially past performance evaluated in LPTA as pass/fail**
- **Emphasis on Past Performance lead to PPT process**



PPT - What Is It?



- **Pass/fail evaluation for technical acceptability (if necessary)**
- **Performance risk evaluated (similar to source selection)**
- **Allows the government to award to other than the offeror with the lowest evaluated price and award to an offeror with a better performance risk rating**



Evaluation Process



- **Determine acceptability of each offeror**
 - **Based on pass/fail evaluation criteria in the solicitation**
 - **Offeror must pass all criteria to be considered technically acceptable**
- **Rank technically acceptable offerors by evaluated price**
- **Assess performance risk for each offeror**



Evaluation Process (cont'd)



• Past Performance Evaluation

- Past Performance Information on relevant contracts submitted with proposal
- Government obtains performance feedback through questionnaires, telephone surveys and automated systems
 - Past Performance Automated Information System (PPAIS)
 - Army Corps of Engineers' Contract Construction Contractor Appraisal Support System (CCASS) (Construction)
 - Army Corps of Engineers' Architect-Engineer Administration Support System (ACASS) (A&E)
- Performance Risk Assigned using the Performance Risk ratings established in AFFARS 5315.3



Evaluation Process (cont'd)



- **May award without discussions**
 - Issues dealing with Past Performance
- **Discussions may be necessary**
 - Technical Issues
 - Cost
- **Request Final Proposal Revisions**
- **Evaluate Final Proposal Revisions**



Evaluation Process (cont'd)



- **Award may be made to the technically acceptable, low price offeror with an “acceptable” performance risk**
- **The government has the right to make a trade-off decision and award to other than the low priced offeror who has a better performance risk rating**
 - **Good business judgement shall be used in making a trade-off decision**
 - **Basis for decision must be thoroughly documented**



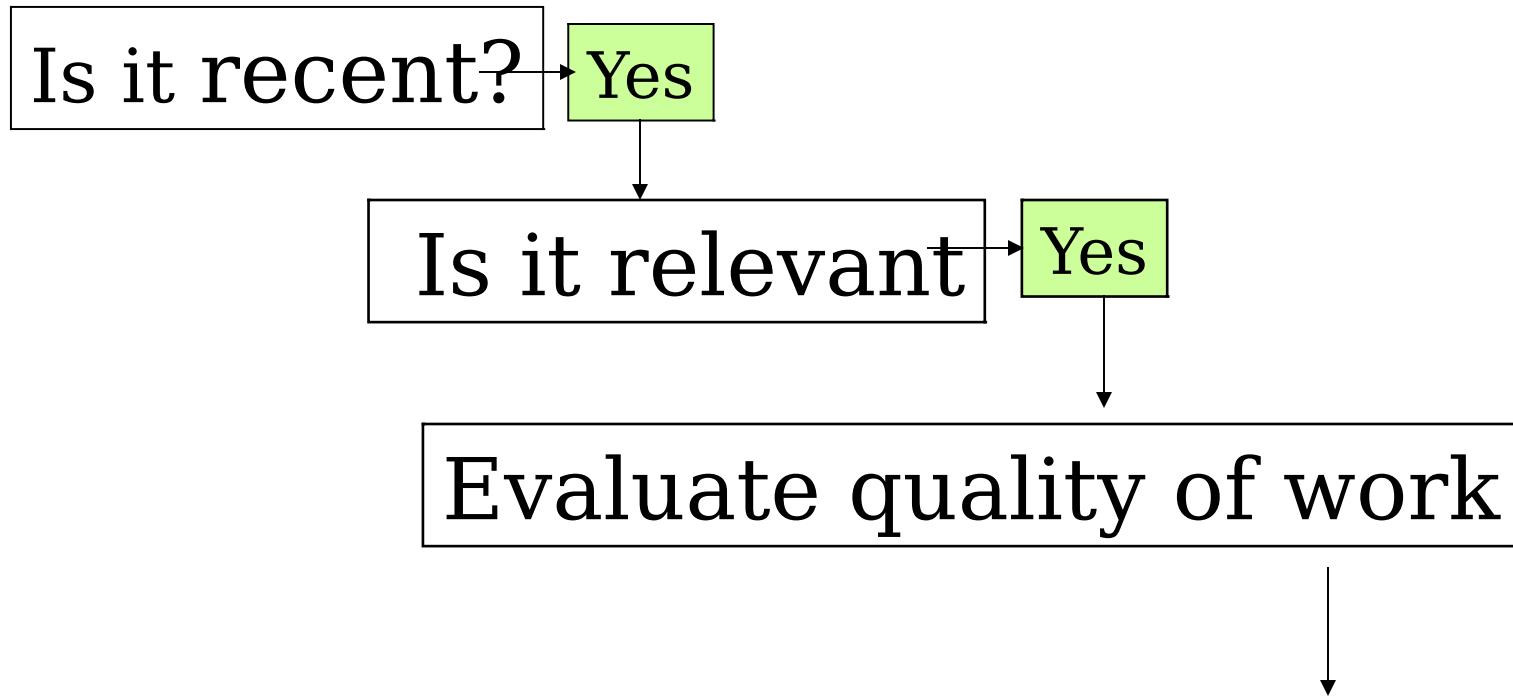
The Three Areas of Evaluation

- Recency
 - **Performance within last 3 years**
(FAR 42.1503)
- Relevancy
 - **Does previous work relate to work under current acquisition?**
- Quality of Performance
 - **Did the offeror do a good job?**

Confidence Rating



Evaluation Steps



*purpose of Evaluation is to lead to next step in process
assigning confidence rating based on degree
of relevancy and level of quality*



Evaluating Recency



- **In the RFP only request PPI from current performance and work completed within last 3 years**
 - **Can use older info if offeror provides (GAO decision)**
- **More emphasis on most recent projects**
 - **Learning curves**
 - **Continuous improvement**
 - **Technology**
 - **Management**



Evaluating Relevancy



- Consider size and complexity
 - management
 - skills
 - nature of work
 - contract type
- Relevancy determinations must relate to the work that offeror or subcontractors will be performing on instant contract
- Relevancy does not mean the same work but similar work - take the big picture view of relevancy





Evaluating Quality of Performance



- Evaluation based on ratings in questionnaires and other information obtained
- Go beyond the adjectival rating on questionnaire
 - Find out what drove the adjectival rating
 - Consider comments in questionnaire
 - Follow-up calls to respondent
- ★★★ • Elevate as necessary to get information

From Evaluation to Confidence Rating



Information
Gathered from
Questionnaire
s and Other
Sources

Evaluatio
n of
Recency,
Relevanc
y and
Quality

Confidenc
e
Assessmen
t Rating



Confidence Ratings



- **Contained in AFFARS 5315**
 - **High Confidence** - No doubt exists the offeror will perform
 - **Significant Confidence** - Little doubt exists the offeror will perform
 - **Confidence** - Some doubt exists the offeror will perform
 - **Unknown Confidence** - No performance record
 - **Little Confidence** - Substantial doubt exists the offerors will perform
 - **No Confidence** - Extreme doubt exists the offeror will perform



Assigning Confidence Rating

- **Subjective determination requires judgment**
 - Takes time to do good job
 - Combines aspects of relevancy and quality
 - Focusing on most relevant projects reduces time and enhances quality of assessment



A Note on Neutral Ratings



- **Rate neutral for NO relevant past performance experience**
- **Should be rare since past performance includes considering:**
 - Key personnel
 - Subcontractors
 - Former company
- **Neutral does not mean negative**



Evaluation Worksheet



Prime Contractor: ABC Company

Contractor being Evaluated XYZ Sub Prime Sub X

Work this contractor will perform on contract: Maintain Fleet of 20 Military Turbo Prop Airplanes

Project	Recency	Relevancy	Quality	Overall Rating
Vic Airfield	Completed 7/00	Turbo-props 2 aircraft in fleet	3 VG, 1 Sat "customer oriented"	
Air Force Academy	Completed 7/98	Single engine, General aviation 15 Aircraft in fleet	4 Excptnl Quick turn-around. Thorough documentation "	
	All within 3 years, worst performance 3 years ago	Limited turbo-prop experience Some Large fleet exper.	Mostly Exptn' and VG on recent projects. Sats improved	Little doubt off eror can perform



Adverse Past Performance

- **Source Selection teams MAY NOT use adverse past performance information on which the offeror has not had an opportunity to comment**
 - FAR 15.306(a)(2), 15.306(b)(4)
 - **If the offeror has previously commented (such as CPARS) no requirement to provide additional information**
- **Government must disclose adverse past performance information to offerors, including identity of contract on which the information is based, but shall not disclose name of individuals who provided information**



Adverse Past Performance



- **What constitutes “adverse” past performance?**
 - DoD Guide states adverse is:
 - “Usually” any rating below “Satisfactory” although this is a judgment call based on circumstances of the acquisition
 - Industry perspective: any rating below “Exceptional”
- **How do you know when to clarify?**
 - Best interest to discuss even if above satisfactory
 - When information leads to assignment of lower confidence rating
 - When adverse information is provided by only one respondent
 - When there is doubt about the validity of the comments



Subcontractor Information

- **Past Performance information is proprietary**
- **The prime is responsible for the proposal and its contents which includes information submitted by subcontractors**
- **Advise the prime in general terms if there is a concern in the area of past performance**
 - **Prime may already have waiver from sub to discuss information (many include this) directly with government**
 - **Discussion directly with subcontractor also option**
 - **Bottom line - protect information but you can't overlook prime's interest**



The Tradeoff Decision



Evaluation of Recency, Relevancy and Quality

Confidence Assessment Rating

Tradeoff Decision



Tradeoff



- **Comparison of Proposals**
- **Consider potential price-performance tradeoff of all offerors with more highly rated past performance than lowest priced offeror**
- **Determine value to Air Force of awarding to offeror with better past performance at higher cost**



The Tradeoff Decision

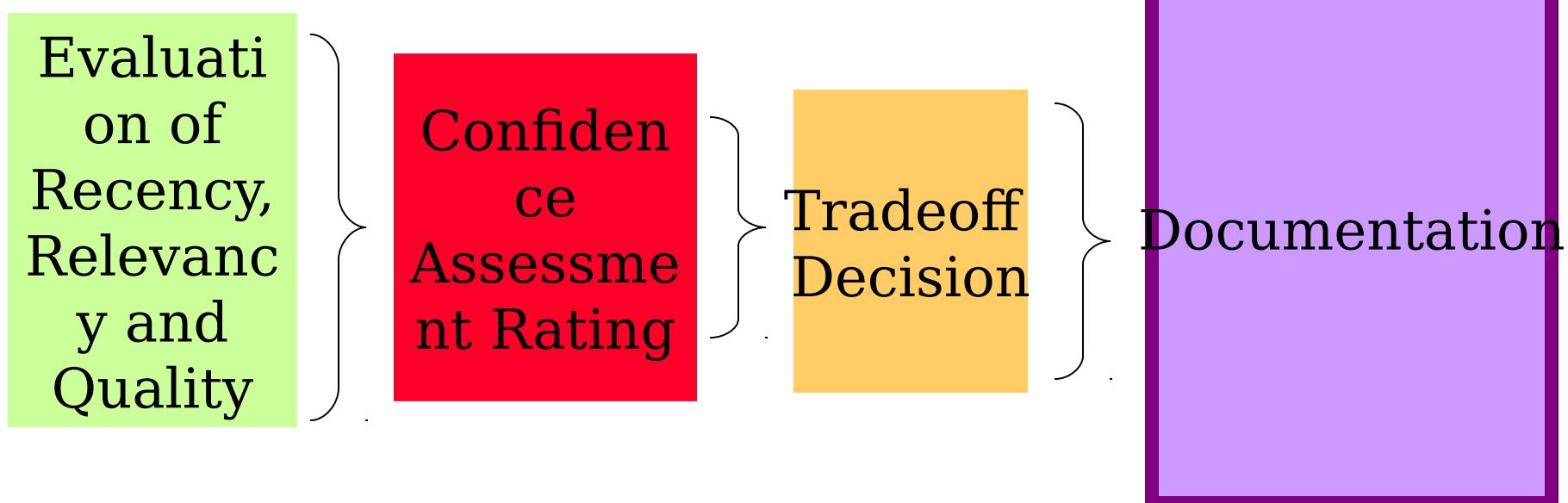


Offeror A	Offeror B	Offeror C	Offeror D
Confidence	Significant Confidence	High Confidence	Confidence
\$150,000	\$162,000	\$165,000	\$200,000

- Offerors with other than lowest price have better past performance
- Compare value of better past performance to extra cost for both Offerors B (significant confidence) and C (high confidence)
- Consider benefit to AF



The Final Step - Documentation





What to Document



Document the thought process used to arrive at:

- **Individual assessments of confidence for each offeror**
 - Address recency, relevancy and quality
- **Tradeoff Decision**
 - Why a tradeoff was made or not made
 - Explain fully determination of best value decision that was made



Key Questions to Ask

- **Have the more relevant past performance assessments contributed more to the overall rating than those that were less relevant? Does the final rating and documentation convey this?**
- **Have the more recent past performance assessments contributed more to the overall rating than those that were less recent? Does the final rating and documentation convey this?**
- **If there were any adverse past performance issues, have they been discussed with the offeror? Have you documented the resolution of any conversations about adverse past performance and the impact of the adverse information on the overall confidence rating?**



Key Questions to Ask

- **If any past performance information was discounted from evaluation because it was found to be non-relevant, was the rationale for this determination addressed?**
- **If subcontractors are proposed, is the proposed scope of effort (both amount of work and type of work) for the prime and subcontractors addressed?**
- **Does the overall rating tie the relevancy and recency of the past performance information to the scope of the proposed effort for the prime and subs?**



Key Questions to Ask



- **For offerors with the same final confidence ratings, does the documentation convey consistency of evaluation?**
- **When the same subcontractor is proposed by more than one prime have you consistently evaluated the sub using the same information (assuming they are being used in the same capacity by different primes)**
- **Are the confidence assessment ratings assigned and the documentation used to support the rating consistent with the definitions listed in AFFARS 5315?**



Debriefing Past Performance



- Offerors on two different proposals may be rated differently in the area of past performance even though the same past performance information is used - why?
 - Two teams may evaluate differently even for the same acquisition -
 - Key is consistency between evaluation of different offerors
 - Tradeoff decision made as a comparison between consistent ratings
- Relevancy plus quality yield confidence rating not quality alone
- Documentation of rationale and all considerations is critical



Summary



- **Price Performance Trade-Off is a viable option in the Best Valuable continuum while emphasizing importance of past performance**
- **Currently being used across AFSPC**
- **AFSPC policy INFO.LTR 99-13, dated 25 Mar 99**